RADiUS
Wealth Management LLC

A RADIUS WEALTH MANAGEMENT GUIDE FOR EMPLOYERS

The 401(k) Fiduciary Checklist

Forty questions for owners, HR and finance leaders about fees, investments, plan operations and filings, and the records that show the plan is being run with care.

UPDATED FOR 2026 RULES

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WHY THIS MATTERS

Sponsoring a Plan Makes You a Fiduciary

When a company offers a 401(k), the people who make decisions about it take on legal responsibilities under federal law. That is not always explained when the plan is set up.

Under ERISA, the federal law that governs most workplace retirement plans, anyone who exercises discretion over a plan or its assets is a fiduciary. That usually includes the company, the owner or executive who signs for the plan, and anyone on a committee that chooses providers or investments. Fiduciaries must:

- act solely in the interest of participants and their beneficiaries, for the exclusive purpose of providing benefits and paying reasonable plan expenses;
- act prudently, with the care a knowledgeable person would use, and document how decisions were made;
- diversify plan investments to reduce the risk of large losses;
- follow the plan document; and
- avoid conflicts of interest and transactions the law prohibits.

The U.S. Department of Labor notes that fiduciaries who do not follow these principles may be **personally liable** to restore losses to the plan. Hiring providers helps, but it does not hand off the duty to choose them carefully and keep an eye on them.

HOW TO USE THIS CHECKLIST

Each item describes a practice that is commonly expected of a well-run plan. Tick the boxes that are true today. Gaps are not necessarily violations; many are simply things no one has looked at recently. They tell you where to start. The checklist is written for single-employer 401(k) plans with a calendar plan year; your plan document and providers have the final word on your plan's specific rules and deadlines.

1. GOVERNANCE & ROLES

- ☐ We know who the plan's fiduciaries are by name, including the named fiduciary in the plan document and anyone who chooses providers or investments.
- ☐ We have a retirement plan committee, or a defined group that makes plan decisions, and each member understands that the role carries fiduciary responsibility.
- ☐ The committee meets on a regular schedule (at least once a year, and often quarterly) and keeps written minutes of what was reviewed and decided.
- ☐ We know in writing which responsibilities, if any, our providers have accepted as fiduciaries (for example, an ERISA 3(16) administrator, a 3(21) adviser or a 3(38) investment manager), and which remain with us.
- ☐ The plan has an ERISA fidelity bond in the required amount, generally at least 10% of plan assets, with a $1,000 minimum and a $500,000 maximum for most plans.
- ☐ We have considered fiduciary liability insurance. It is separate from the fidelity bond, which protects the plan against theft rather than protecting the fiduciaries.

2. FEES & SERVICE PROVIDERS

- ☐ We have received and read the fee disclosure each covered service provider must give the plan under ERISA section 408(b)(2), and we keep the current version on file.
- ☐ We can state the plan's total annual cost, in dollars and as a percentage of plan assets, combining investment, recordkeeping, administration and advisory fees.
- ☐ We know which fees are paid from participant accounts, which the company pays, and why.
- ☐ We know whether any provider receives indirect compensation, such as revenue sharing from the funds in the plan, and whether it is credited back to the plan or participants.
- ☐ We have compared our fees and services with those of similar plans within the last three years, and documented the result.
- ☐ We have obtained competing proposals from other providers, or have a documented reason for not doing so, within a reasonable period (many plans do this every three to five years).
- ☐ We know how our plan adviser is paid (a flat fee, an asset-based fee or commissions) and whether the adviser acts as a fiduciary to the plan.

3. INVESTMENTS

- ☐ The plan has a written investment policy statement (IPS) describing how funds are selected, monitored and replaced, and we follow it.
- ☐ Each fund in the lineup is reviewed against the IPS at least annually, covering performance relative to peers and benchmarks, costs, and changes in the fund's management or strategy.
- ☐ The plan uses the lowest-cost share class reasonably available for each fund, or we have documented why a different share class is used.
- ☐ The lineup covers a reasonable range of risk and return choices without unnecessary duplication.
- ☐ The default investment for people who make no election is a qualified default investment alternative (QDIA), often a target-date or balanced fund, and the required QDIA notice is provided.
- ☐ When a fund is placed on watch or replaced, the reasons are recorded in committee minutes, and participants receive the required advance notice.
- ☐ If any investment is offered by our recordkeeper or adviser's own firm, we have documented why it was chosen over comparable alternatives.

4. PLAN OPERATIONS

- ☐ Employee deferrals and loan repayments are deposited as soon as they can reasonably be separated from company assets. For plans with fewer than 100 participants, the DOL treats deposits within seven business days as timely.
- ☐ The definition of compensation used in payroll (bonuses, commissions, overtime) matches the definition in the plan document.
- ☐ Employees become eligible and enter the plan on the dates the plan document requires, including long-term part-time employees, who generally become eligible to defer after two consecutive years with at least 500 hours.
- ☐ If the plan was established after December 29, 2022, we have confirmed whether the SECURE 2.0 automatic enrollment requirement applies, and it is set up correctly if it does.
- ☐ Since January 1, 2026, catch-up contributions for employees whose prior-year FICA wages from us exceeded $150,000 are made as Roth contributions, and payroll is coded to do this.
- ☐ Loans, hardship withdrawals and distributions follow written procedures, and someone checks that each request meets the plan's terms.
- ☐ When errors happen (a missed enrollment, a late deposit, a wrong contribution), we correct them using IRS or DOL correction programs and keep a record of what was done.

5. COMPLIANCE & FILINGS

- ☐ The Form 5500 is filed each year by its deadline: the last day of the seventh month after the plan year ends (July 31 for calendar-year plans), or by the extended date if Form 5558 was filed.
- ☐ We know whether the plan needs an independent audit. Starting with 2023 plan years, the count that generally triggers one is 100 or more participants *with account balances* at the start of the plan year.
- ☐ Required annual testing (nondiscrimination, coverage and top-heavy) is completed on time and any corrections are made by the deadlines. A safe harbor design removes some of these tests, but not all of them.
- ☐ The plan document is current, and we know who is responsible for SECURE and SECURE 2.0 amendments. Discretionary amendments are generally due by December 31, 2026; required amendments follow later IRS deadlines.
- ☐ Required notices go out on time: the summary plan description, safe harbor, automatic enrollment and QDIA notices, the summary annual report and the annual participant fee disclosure.
- ☐ If our company owns, or is commonly owned with, other businesses, our TPA has reviewed whether they must be treated as one employer for testing.

6. PARTICIPANTS & COMMUNICATION

- ☐ Participants receive the annual fee and investment disclosure required under DOL rule 404a-5, and the information matches what the plan actually charges.
- ☐ Employees have access to education on enrolling, choosing a contribution rate and selecting investments, both at hire and periodically after.
- ☐ We track participation and average deferral rates over time and discuss them at committee meetings.
- ☐ We have a process for locating former employees with balances and for handling small balances and uncashed checks.
- ☐ We have asked our providers how they protect participant data and accounts, using the DOL's cybersecurity guidance as a reference.

7. DOCUMENTATION

- ☐ We keep a fiduciary file with the plan document and amendments, service agreements, 408(b)(2) disclosures, the IPS, committee minutes, benchmarking reports and filed Forms 5500.
- ☐ If someone asked why we chose our current providers and funds, we could show the reasoning in writing, not only the result.

THROUGH THE YEAR

A Calendar for a Calendar-Year Plan

Dates differ for non-calendar plan years and can depend on your plan document. Use this as a starting point with your TPA.

January – March	Confirm prior-year contributions and payroll data with the recordkeeper and TPA. Complete nondiscrimination testing. Refunds to correct a failed ADP/ACP test are generally due by March 15 (June 30 for plans with an eligible automatic contribution arrangement) to avoid an additional excise tax.
April	Excess deferrals above the annual limit are generally refunded by April 15. Hold the first committee meeting of the year: investment review, fees, provider service.
July 31	Form 5500 due, or file Form 5558 to extend to October 15. Plans that need an audit should have it under way well before this date.
September 30	Summary annual report to participants is due, or by December 15 if the Form 5500 was extended. Hold a mid-year committee meeting and fund review around this time.
October – December	Plan design changes for next year. Safe harbor, automatic enrollment and QDIA notices generally go out 30 to 90 days before the new plan year. Confirm the bond amount still covers 10% of assets.
Every quarter	Spot-check that deposits are reaching the plan on time. Review participant statements and any provider service issues.
Every three to five years	Benchmark fees and services against similar plans; consider a formal request for proposals.

WHAT NEXT

Reading Your Results

- **Most boxes checked.** There are few obvious gaps. Keep the file current and revisit this list each year.
- **Gaps in fees, investments or documentation.** These are the areas where questions about a plan most often arise, and they are usually the most straightforward to fix: gather the disclosures, benchmark, and write down the process.
- **Gaps in operations or filings.** Bring these to your TPA promptly. Many operational errors can be corrected inexpensively when they are found early.
- **Many items you could not answer.** That is common, especially when the plan was set up years ago or by someone who has since left. An outside review is a practical place to start.

A COMPLIMENTARY PLAN REVIEW

Radius Wealth Management works with business owners, HR and finance teams as the investment adviser to their company 401(k) plans, alongside an independent third-party administrator and a national recordkeeper. Send us your most recent 408(b)(2) fee disclosure and we will review the plan's costs, investment lineup and structure, and walk you through what we find. There is no cost and no obligation. If you later hire Radius as your plan's adviser, we are paid an advisory fee, which we disclose in writing before you decide. Start at **radiuswealth.com/business-owners** or call **(617) 765-2200**.

RELATED GUIDES FOR EMPLOYERS

- *Bundled vs. Unbundled 401(k): Who Does What in Your Plan*
- *How to Read Your 401(k) Fee Disclosure*, with a worksheet for finding your plan's all-in cost
- *Starting a 401(k) Under SECURE 2.0*, for companies that do not have a plan yet

All are free at **radiuswealth.com/guides**.

SOURCES

- U.S. Department of Labor, Employee Benefits Security Administration: *Meeting Your Fiduciary Responsibilities*; *Understanding Retirement Plan Fees and Expenses*; Cybersecurity Program Best Practices (2021, updated 2024).
- DOL regulations 29 CFR 2510.3-102 (participant contributions, including the seven-business-day safe harbor for small plans), 2550.408b-2 (service provider disclosures), 2550.404a-5 (participant fee disclosures), 2550.404c-5 (QDIAs); the DOL's 2023 Form 5500 rule and instructions changing how participants are counted for the audit requirement; 2520.104b-10 (summary annual reports).
- ERISA sections 404, 409 and 412 (fiduciary duties, liability and bonding).
- SECURE 2.0 Act of 2022: section 101 (automatic enrollment), section 125 (long-term part-time employees), section 501 (amendment deadline), section 603 (Roth catch-up); IRS final catch-up regulations (September 2025); IRS Notice 2024-2 and the IRS's September 2026 guidance on SECURE and SECURE 2.0 amendment deadlines.
- IRS: *401(k) Plan Fix-It Guide*; Form 5500 and Form 5558 instructions; Notice 2025-67 (2026 limits).

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